

# THE TORONTO STOCK EXCHANGE

9/7/70  
3/9/70

FILING STATEMENT NO. 1750  
FILED SEPTEMBER 8th, 1970.

CANADIAN LENCOURT MINES LIMITED (NO PERSONAL LIABILITY)

Incorporated under Quebec Mining Companies Act by Letters Patent dated April 5th, 1945, as Lencourt Gold Mines Limited - name changed by Supplementary Letters Patent dated January 19th, 1965.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953

(Ontario) by Letters Patent dated May 1st, 1957). Reference is made to previous

Filing Statement No. 1526.

## FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	The Company has agreed to relinquish its priority position over Shawnee Petroleum Limited in respect of repayment of preproduction expenditures out of production proceeds in consideration of 300,000 fully paid shares of Shawnee Petroleum Limited. See Schedule "A" on page 3 for further particulars.										
2. Head office address and any other office address.	Suite 705, 11 Adelaide Street West, Toronto 105, Ontario.										
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<u>Name and Address</u>	<u>Office</u>	<u>Chief Occupation</u>								
	SHERWOOD D. MCCOY 5120 Walkers Line R.R. #2 Milton, Ontario	President and a Director	Restaurateur and Accountant for various mining exploration companies								
	WILLIAM D. PATERSON 3 Colby Lane Drive Thornhill, Ontario	Secretary-Treasurer and a Director	Accountant and President of various mining exploration Companies								
	RODERICK W. MCGREGOR 3 Hatton Court Islington, Ontario	Director	Printing Sales Representative								
	J. MURRAY ANDERSON 30 Bayview Ridge Willowdale, Ontario	Director	Chartered Accountant								
	TERESA A. SCULLY Apt. 814 66 Broadway Avenue Toronto, Ontario	Director	Secretary								
4. Share capitalization showing authorized and issued and outstanding capital.	<table border="0"> <tr> <td>Authorized</td> <td>-</td> <td>5,000,000</td> <td>shares par value \$1.00</td> </tr> <tr> <td>Issued</td> <td>-</td> <td>3,416,250</td> <td>shares par value \$1.00</td> </tr> </table>			Authorized	-	5,000,000	shares par value \$1.00	Issued	-	3,416,250	shares par value \$1.00
Authorized	-	5,000,000	shares par value \$1.00								
Issued	-	3,416,250	shares par value \$1.00								
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None										
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>By separate agreements dated December 5, 1969, the Company granted to each of Sherwood McCoy, the President of the Company and William Paterson, the Secretary-Treasurer, of the Company, incentive options to purchase 50,000 shares each of the Company at the price of 25¢ per share, exercisable in whole or in part at any time or times on or before December 31, 1972. During the 30-day period preceding the date of the said agreements the shares of the Company traded in a range varying from a low of 14 1/2¢ per share to a high of 27¢ per share. The granting of these options was conditional upon prior approval of same by the shareholders of the Company, which approval was duly given by the shareholders at the annual meeting of shareholders, held in May, 1970. To-date none of these options have been exercised.</p>										
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	See Item 6										



8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None												
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company's present development plans are restricted to the Sombra Township, Ontario gas leaseholds being developed jointly with Shawnee Petroleum Limited. For particulars of the Company's participating interest in these properties reference is made to schedule "A" on page 3.												
10. Brief statement of company's chief development work during past year.	See Schedule "A" on page 3.												
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	The Company is acquiring shares from Shawnee Petroleum Limited, Simpson Tower, Toronto, Ontario, as set forth in paragraph A of Schedule "A" on page 3.												
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	<p>Shawnee Petroleum Limited is a public gas and oil company. Save for William D. Paterson who is a director of Shawnee, none of the officers and/or directors of the Company is associated either directly or indirectly with Shawnee. Mr. Paterson owns no shares of Shawnee save one director's qualifying share.</p> <p>The result of the completion of the purchases of shares of Shawnee by the Company and Dundee Mines Limited as set forth in paragraph A of Item 10 hereof will be to bring all three companies under the same management.</p> <p>The authorized capital of Shawnee is 5,000,000 shares without par value of which 2,709,810 shares will be issued and outstanding upon completion of the purchase of a total of 1,000,000 shares by the Company (as to 300,000 shares) and Dundee Mines Limited (as to 700,000 shares).</p>												
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None												
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	n/a												
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table> <tr> <th><u>Name and Address</u></th><th><u>No. of Shares</u></th></tr> <tr> <td>Jones, Gable &amp; Co. Limited, 110 Yonge Street, Toronto 210, Ontario.</td><td>681,500</td></tr> <tr> <td>Doherty Roadhouse &amp; McQuaig Bros. 401 Bay Street, Toronto, Ontario.</td><td>513,018</td></tr> <tr> <td>J. H. Crang &amp; Co., 20 King Street West, Toronto, Ontario.</td><td>89,075</td></tr> <tr> <td>Davidson &amp; Company, 25 Adelaide Street West, Toronto, Ontario.</td><td>86,600</td></tr> <tr> <td>Playfair &amp; Co. Limited, 8 King Street East, Toronto, Ontario.</td><td>81,500</td></tr> </table> <p>* The signatories hereto are unaware of the beneficial ownership of shares registered in brokers names.</p>	<u>Name and Address</u>	<u>No. of Shares</u>	Jones, Gable & Co. Limited, 110 Yonge Street, Toronto 210, Ontario.	681,500	Doherty Roadhouse & McQuaig Bros. 401 Bay Street, Toronto, Ontario.	513,018	J. H. Crang & Co., 20 King Street West, Toronto, Ontario.	89,075	Davidson & Company, 25 Adelaide Street West, Toronto, Ontario.	86,600	Playfair & Co. Limited, 8 King Street East, Toronto, Ontario.	81,500
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## SCHEDULE "A"

### (A) OTTER CREEK LEASEHOLDS

By an agreement dated October 29, 1968, Shawnee Petroleum Limited, 401 Bay Street, Toronto, Ontario, acquired from Imperial Oil Enterprises Ltd. the right to acquire a 50% interest in an oil and gas lease covering the north half of Lot 22, Concession 7, Sombra Township, Ontario, in consideration of drilling a well thereon either dry or to the production state. The agreement further provided that Shawnee could earn a 50% interest in two potentially commercial wells on the north half of Lot 21, Concession 7, Sombra Township, by having a 2-inch pipeline laid 8,400 feet from such wells to the Imperial Oil collection pipeline.

By an agreement dated November 4, 1969, Shawnee assigned to the Company one-half of its interest in the aforesaid lease and wells in consideration of the Company financing the required programmes. The cost of drilling the test well was approximately \$20,000.00 and the cost of laying the pipeline was approximately \$8,400.00. The assignment agreement also provided that the Company would recover 100% of its costs out of production before Shawnee would become entitled to its share of production proceeds.

By a subsequent agreement dated January 9, 1970, Imperial Oil Enterprises Ltd. agreed to sell its 50% interest in the aforesaid properties to Shawnee for the sum of \$40,000.00, reserving unto itself a gross over-riding royalty of 15% on gas and a sliding scale on oil with a 5% minimum and 15% maximum.

The Company subsequently purchased from Shawnee one-half of the Imperial Oil working interest aforesaid for \$62,500.00. In the result the Company and Shawnee each own 50% of the working interest in these properties subject to the overriding Imperial Oil royalty.

As a condition of the Company's acquisition of its 50% working interest in these properties, Shawnee agreed that the Company would receive a 75% interest in production revenues until such time as the sum of \$62,500.00 had been recovered by the Company, and thereafter production proceeds would be received on an equal basis.

The Company has now expended a total of \$103,214.84 in connection with earning its 50% working interest in these properties and has a priority position over Shawnee Petroleum Limited in respect of repayment of same out of production proceeds as aforesaid.

By an agreement dated June 19, 1970 the Company has agreed to relinquish its priority position in respect of production revenues in consideration of the sum of \$103,214.84, such sum to be satisfied by the acquisition by the Company for investment purposes of 300,000 fully paid shares of Shawnee Petroleum Limited.

This share purchase is conditional upon the successful closing of the purchase by Dundee Mines Limited for investment purposes of 700,000 shares of Shawnee Petroleum Limited at the price of 35 cents per share. Dundee Mines Limited has received the requisite approval for such purchase from the appropriate securities regulatory bodies and the closing of same will take place coincident with the formal share purchase by the Company.

Three producing wells have been drilled on these leaseholds to-date. By an agreement dated May 19, 1970, The Consumers' Gas Company has agreed to purchase all gas produced from such wells up to a maximum of 2,500,000 cubic feet per day at a price of 39 1/2 cents per thousand cubic feet.

### (B) OTTER CREEK EAST LEASHOLDS

The Company has also acquired from Shawnee Petroleum Limited one-half of a 50% working interest held by Shawnee in a lease covering Tract 6, Lot 23, Concession 7, Sombra Township, Ontario, in consideration of one-half of the costs of drilling and completing a test well thereon, which amount was \$16,011.15. Additional drilling costs are to be shared by Shawnee and the Company equally. To-date the Company's share of additional costs has been \$9,100.89.



The remaining 50% interest in this leasehold is held by McLure Oil Company, 1080 Bridge Street, Alma, Michigan, U.S.A.

Two producing wells have been drilled on this leasehold to-date. By an agreement dated July 15, 1970, Union Gas Company of Canada Limited has agreed to purchase all gas produced from such wells up to a maximum of 1,200,000 cubic feet per day at a price of 40 cents per 1,000 cubic feet.

The Company's engineers estimate the Company's interest in reserves on this acreage at approximately 92,400,000 cubic feet, which based on a price of 40 cents per 1,000 cubic feet represents a value of \$36,960.00.

(C) RESERVE AND REVENUE ESTIMATES

The Company's engineers estimate the Company's interest in reserves on the Otter Creek acreage at approximately 646,800,000 cubic feet which based on a price of 39 1/2 cents per 1,000 cubic feet represents a gross value \$255,486.00.

The Company's engineers estimate the Company's interest in reserves on the Otter Creek East acreage at approximately 93,400,000 cubic feet, which based on a price of 40 cents per 1,000 cubic feet represents a value of \$37,360.00.

Accordingly, the gross revenue that the Company might expect from both the Otter Creek and the Otter Creek East acreages is \$292,846.00.

The 15% royalty in favour of Imperial Oil Limited amounts to \$43,911.00 and the operating overhead at the rate of 2 1/2 cents per 1,000 cubic feet amounts to \$18,480. Accordingly, the net revenue which the Company might expect from these acreages is \$230,355.00.

Deliveries of product to both The Consumers' Gas Company and Union Gas Company of Canada Limited have been commenced and it is expected that daily maximum figures will be reached around the end of August, 1970.

For further particulars in respect of the Otter Creek and Otter Creek East leaseholds reference is made to the report of Bryson C. Donnan, Petroleum Geologist, dated June 30th, 1970, which has been filed as part of this filing statement.

(D) OTHER PROPERTIES AND INTERESTS HELD BY THE COMPANY IN GOOD STANDING

- (i) 11 unpatented mining claims located in the Township of Dubuisson, Province of Quebec, being mining claims 1 to 5 inclusive on each of Development Licences Nos. 181654 and 181655 and mining claim number 1 on Development Licence No. 204445.
- (ii) 40% interest in the Lenadele Syndicate which holds a Prospecting Licence covering approximately 9 square miles in the Counties of Laois and Kilkenny, Ireland. Ste. Adele Valley Enterprises Limited owns a further 40% interest in the syndicate and Watts, Griffis & McQuat Limited owns the remaining 20% interest.
- (iii) 38 unpatented mineral claims located in the Coppermine River Area, Northwest Territories. These are the balance remaining of an original block of 498 claims. These claims will be permitted to lapse on their respective maturity dates.
- (iv) 1 unpatented mining claim located in Louvicourt Township, Province of Quebec, being mining claim number 1 on Development Licence No. 276351.



# FINANCIAL STATEMENTS

## ACCOUNTANTS' COMMENTS

The accompanying balance sheet of Canadian Lencourt Mines Limited (No Personal Liability) as at June 30, 1970 and the statements of deficit, administrative expenses and source and application of funds for the six months then ended were not audited by us. Certain audit procedures are not carried out until the end of the company's fiscal year and accordingly we are not in a position to express an opinion on these interim financial statements.

Toronto, Canada  
July 23, 1970

*Shame, Gunn, McNeill & Christensen*

Chartered Accountants

### CANADIAN LENCOURT MINES LIMITED (No Personal Liability) Incorporated under the laws of Quebec

#### BALANCE SHEET - JUNE 30, 1970 (unaudited)

#### ASSETS

##### CURRENT ASSETS

Cash	\$ 12,237	
Accounts receivable	20,634	
Prepaid expense	500	\$ 33,371

##### CAPITAL ASSETS

Interest in oil and gas leases (note 1)	62,500	
Development expenditures thereon (notes 1 and 3)	54,653	
Interest in pipeline, at cost	14,437	131,590

##### OTHER ASSETS AND DEFERRED CHARGES

Investment in shares of another mining company, at nominal value	1	
Office furniture and equipment, at cost	1,781	
Mining claims (note 2)	33,651	
Exploration and development expenditures thereon (note 3)	61,345	
Syndicate participation in Ireland, at cost	25,988	122,766
		<u>\$287,727</u>

#### LIABILITIES

##### CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 15,148
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#### SHAREHOLDERS' EQUITY

##### CAPITAL STOCK (note 4)

Authorized - 5,000,000 shares, par value \$1 each	\$3,416,250	
Issued - 3,416,250 shares	2,465,897	
Deduct discount thereon	950,353	
	677,774	272,579
DEFICIT		<u>\$287,727</u>

Approved by the Board

Director

Director

*Sheppard & McElroy*  
*James J. O'Brien*

CANADIAN LENCOURT MINES LIMITED  
(No Personal Liability)

STATEMENT OF DEFICIT  
(unaudited)

SIX MONTHS ENDED JUNE 30, 1970

Deficit at beginning of period		\$496,079
Add amounts written off		
Administrative expenses	\$ 19,772	
Cost of mining claims abandoned	100,995	
Exploration and development expenditures (note 3)	<u>61,316</u>	<u>182,083</u>
		678,162
Deduct profit on sale of marketable securities		<u>388</u>
Deficit at end of period		<u>\$677,774</u>

STATEMENT OF ADMINISTRATIVE EXPENSES  
(unaudited)

SIX MONTHS ENDED JUNE 30, 1970

Administrative services	\$ 3,000
Government fees and taxes	135
Directors' fees	600
Legal and audit	3,604
Office services	2,129
President's salary	3,000
Rent	1,195
Share certificates	262
Shareholders' meetings and information	2,742
Listing and filing fees	550
Telephone and telegraph	482
Transfer agent's fees and expenses	883
Travelling expenses	651
Miscellaneous	<u>733</u>
	19,966
Interest income	<u>194</u>
Administrative expenses written off to deficit	<u>\$ 19,772</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
(unaudited)

SIX MONTHS ENDED JUNE 30, 1970

Source of funds		
Proceeds from issue of capital stock for cash	\$125,100	
Profit on sale of marketable securities	<u>388</u>	<u>\$125,488</u>
Application of funds		
Interest in oil and gas leases	62,500	
Development expenditures thereon	21,930	
Interest in pipeline	14,437	
Exploration expenditures on mining claims	1,092	
Administrative expenses	19,772	
Purchase of office furniture and equipment	<u>1,197</u>	<u>120,928</u>
Increase in working capital		4,560
Working capital at beginning of period		<u>13,663</u>
Working capital at end of period		<u>\$ 18,223</u>



CANADIAN LENCOURT MINES LIMITED  
(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS  
(unaudited)

SIX MONTHS ENDED JUNE 30, 1970

1. INTEREST IN OIL AND GAS LEASES

The company acquired from Shawnee Petroleums Limited a 50% interest in certain oil and gas leases in Sombra Township, Ontario, for an aggregate expenditure of \$103,215. The acquisition agreements provide for repayment of the company's expenditures prior to Shawnee participating in net revenue. Production from the properties is subject to an overriding gross royalty of 15%.

By agreement dated June 19, 1970, the company has relinquished its priority right to repayment referred to above in consideration for 300,000 shares of Shawnee. This agreement is conditional upon acceptance of a filing statement by the Toronto Stock Exchange and the purchase by Dundee Mines Limited of 700,000 treasury shares of Shawnee at 35¢ per share.

By agreement dated January, 1970, the company acquired a 25% interest in certain additional leases in Sombra Township, Ontario. In consideration therefor, the company is required to pay 50% of the cost of an exploratory well being drilled on the leases.

2. MINING CLAIMS

	<u>Cost</u>
11 claims in Dubuisson Township, Quebec, acquired for 50,000 shares of the company's capital stock valued at \$18,000 and \$12,150 cash	\$ 30,150
1 claim in Louvicourt Township, Quebec, acquired for \$3,500 cash	3,500
38 claims in Coppermine Area, N.W.T., at nominal value	<u>1</u>
	<u>\$ 33,651</u>

3. SUMMARY OF EXPLORATION AND DEVELOPMENT EXPENDITURES

<u>Location</u>	Balance at beginning of period	Expenditures for the period	Written off to deficit	Reclassified as capital assets	Balance at end of period
Mining claims					
Dubuisson Township, Quebec	\$ 61,024	\$ 321			\$61,345
Coppermine Area, N.W.T.	60,545	671	\$61,216		
General exploration		100	100		
Oil and gas leases, Sombra Township, Ontario	<u>32,723</u>	<u>21,930</u>		\$54,653	
	<u>\$154,292</u>	<u>\$23,022</u>	<u>\$61,316</u>	<u>\$54,653</u>	<u>\$61,345</u>

4. CAPITAL STOCK

Issued during period

In 1970, 600,000 shares of the company's capital stock were issued for \$125,100 cash.

Options outstanding

The company has granted employee incentive stock options to two officers and directors on 100,000 shares of the company's capital stock exercisable in whole at any time on or before December 31, 1972 at a price of 25¢ per share.



# ENGINEER'S REPORT

Note: The following is a geological report by Bryson C. Donnan, Petroleum Geologist, dated June 30th, 1970, on the petroleum and natural gas leaseholdings of Shawnee Petroleums Limited.

BRYSON C. DONNAN  
Petroleum Geologist  
1186 Whiteoaks Avenue  
Clarkson, Ontario

June 30, 1970

Canadian Lencourt Mines Limited  
Suite 705  
11 Adelaide Street West  
Toronto, Ontario

Attention: Mr. W. D. Paterson, President

Dear Sir:

Further to your request, I have examined the properties and management projects of Shawnee Petroleums Limited ("Shawnee") of 401 Bay Street, Toronto, Ontario, with a view to an evaluation particularly with reference to the reserves, revenue and economics of the same.

The representations of the company as to ownership of the properties described have been accepted for the purposes of this report.

## Productive Leaseholdings - General Economics:

### 1. Otter Creek and Otter Creek East Gas Pools:

Shawnee has an interest with another company in three gas wells capable of producing from the Guelph formation of Silurian age in the Otter Creek Gas Pool, Sombra Township, Lambton County, Ontario. These wells are currently connected to pipeline and are about to be placed on stream to market the gas with the Consumer's Gas Company: production occurs at a depth of approximately 1900'.

In addition, the two joint interests have two stimulated wells capable of producing gas from the same formation in the Otter Creek East Gas Pool, adjoining, but the contract with Union Gas Company of Canada Limited has not yet been arranged so that these wells are currently shut-in pending development of market. The production will be connected to the pipeline noted above.

An approximate return on investment of 4:1 to Shawnee's interest is indicated in the Otter Creek and Otter Creek East Pools.

### 2. Woodhouse Gas Pool:

Shawnee has five wells currently marketing gas from its Woodhouse Pool, Woodhouse Township, Norfolk County, Ontario.

Production occurs at a depth of approximately 900' in the Clinton-Cataract formations of Silurian age: some gas is produced from the Thorold sandstone but the underlying Grimsby sandstone is the main pay zone.

An approximate return on investment of 2.8 : 1 is indicated in the Woodhouse Pool.

### 3. South Walsingham Gas Pool:

The company has one dry hole and two shut-in gas wells in the South Walsingham Gas Pool in South Walsingham Township, Norfolk County, Ontario. Production occurs at a depth of approximately 1400' in the Thorold sandstone of the Clinton formation (Silurian age).

This field requires further development drilling to justify a pipeline to market the gas.

An approximate return on investment of 2.78 : 1 to the 100% working interest is indicated in the South Walsingham Gas Pool. This is based on the assumption that further gas wells will result from the company's proposed 6 well program, which is a reasonable assumption, and that, together with the two existing wells, these will be connected to pipeline to market the gas.

The company holds a total of approximately 11,000 acres of oil and gas leases in the Townships of Malahide, Bayham, Houghton, North Walsingham and South Walsingham in the Counties of Elgin and Norfolk, Ontario. These leases are all committed by agreement to another company, with rentals of approximately \$0.50/acre annually for a ten-year term.



Shawnee Productive Leaseholdings - Analysis:

1. Otter Creek and Otter Creek East Gas Pools:

Sombra Township, Lambton County, Ontario

Estimated Recoverable Gas Reserves 280 mcf/acre f

Net Effective Gas Pay 26.4'

Proven Acreage:

<u>Pool</u>	<u>Well</u>	<u>Total Proven Acreage</u>	<u>Shawnee Proven Acreage</u>
Otter Creek	SL 1-21-7 )	75	37.5
	SL 2-21-7 )		
	SL 2-22-7 )	100	50.0
Otter Creek East	MSL #2 )		
	(ie. 6-23-8) )		
	)	50	12.5
	MSL #3 ) (ie. 7-23-8) )		
			<hr/> 100.0

Shawnee Estimated Recoverable Gas Reserves: 0.7392 bcf

Shawnee Estimated Future Gross Gas Revenue:

Otter Creek:	\$0.42/mcf with 2500 mcf/d Contract with Consumer's Gas Company: estimated recoverable gas reserves 0.6468 bcf	\$271,650
Otter Creek East:	Contract with Union Gas Company of Canada not yet arranged, anticipated \$0.40/mcf: estimated recoverable gas reserves 0.0924 bcf	\$ 36,950
		<hr/> \$ 308,600 (undiscounted)

Shawnee Estimated Future Net Revenue \*

Otter Creek:	0.6468 est. recoverable gas reserve.	
:	1st 7 mos. @ 18,750 mcf/mo x \$0.25/mcf = \$4,687.50/mo x 7	\$ 32,800
:	Next 5 mos. @ 37,500 mcf/mo x \$0.25 mcf = \$9,375/mo. x 5	\$ 46,900
:	Thereafter 0.032805 bcf produced @ \$9,375/mo = approx. 8 mos.	\$ 82,000
		\$ 161,700
Otter Creek: East	0.0924 bcf est. recoverable gas reserve x \$0.25/mcf (field to be placed on production)	\$ 23,100
		<hr/> \$ 184,800 (undiscounted)

\* Based on assumption full contract rate will be maintained for full period, and after making allowance for the following: gas transportation charges by Consumer's Gas Company of \$0.025/mcf; 15% gross overriding royalty on all production to another company; Lessor royalty of approximately \$1100/year total for five wells; \$30,000 production payment at \$500 per month; administrative and overhead charges including accounting and managerial costs and operating costs attributable to property; ad valorem tax and Province of Ontario production tax (the latter \$0.005/mcf with tax for year being forgiven under \$250/year); \$103,214 account payable to another company out of 75% of production until paid (covering an estimated 7-month period); but with no allowance for income tax or for further capital expenditures (possibly two additional wells may have to be drilled and wells Nos. 2-21-7 and 2-22-7 stimulated, to maintain deliverability, at an estimated total cost to Shawnee of \$30,000). Wells nos. 1-21-7, 6-23-8 and 7-23-8 have been stimulated.



2. Woodhouse Gas Pool:

Woodhouse Township, Norfolk County, Ontario

Estimated Recoverable Gas Reserves  
(5 wells currently on stream)

153 mcf/acre ft

Net Effective Gas Pay

10'

Proven Acreage:

<u>Well</u>	<u>Proven</u>
#1 7-13-5	100
#2 7-15-4	100
#3 7-14-4	100
#4 7-14-4	100
#5 4-15-3	Nil
#6 1-15-4	100

500 acres  
(100% Shawnee)

Shawnee Estimated Recoverable Gas Reserves:

0.765 bcf.

Shawnee Estimated Future Gross Gas Revenue  
@ \$0.45/mcf

\$ 344,250  
(undiscounted)

Shawnee Estimated Future Net Gas Revenue:

<u>Year</u>	<u>Orig. Cum. Open Flow of 936 mcf/d x Expected % of Orig. Cum. O.F. to be produced in yr. = Avge. est. O.F. for yr. in mcf</u>	<u>Expected Prod. in mcf/d in yr. = 25% x Avge. Est. O.F. for yr. in mcf</u>	<u>No. of Prod. Days in Year</u>	<u>Est. Prod. in yr. MMcf</u>	<u>Est. net to Shawnee for year (undiscounted @ \$0.35/mcf</u>
1**	936 x 75% = 700	175	300	52.5	\$ 18,370
2	936 x 44% = 410	102	300	30.6	10,700
3	936 x 36% = 335	83	300	24.9	8,710
4	936 x 29% = 270	67.5	300	20.3	7,100
5	936 x 23% = 215	64	300	19.2	6,720
6	936 x 18% = 168	42	300	12.6	4,410
7	936 x 15% = 140	35	300	10.5	3,670
8	936 x 13% = 120	30	300	9.0	3,150
9	936 x 12 $\frac{1}{2}$ % = 117	29	300	8.7	3,040
10	936 x 10 $\frac{1}{2}$ % = 98	24.5	300	7.4	2,590
				195.7	\$ 68,460
				569.3	199,210
				765.0	\$267,670
	Thereafter				

\* After Allowance of \$0.10/mcf for the following: lessor royalty; administrative and overhead charges including accounting and managerial costs and operating costs attributable to property; lease rental costs; ad valorem tax and Province of Ontario production tax; but with no allowance for further stimulation or re-stimulation of existing wells or for any additional drilling to maintain or increase deliverability. To-date, only wells nos. 7-13-5 and 7-14-4 have been stimulated.

\*\* First year production actually approximately 68.9 MMcf (est. \$24,110 net income).

3. South Walsingham Gas Pool:

South Walsingham Township, Norfolk County, Ontario

Estimated Recoverable Gas Reserves:

181 mcf/acre ft

Net Effective Gas Pay:

15'

Proven Acreage (100% working interest held by another company under a joint exploration agreement).

<u>Well</u>	<u>Total Proven Acreage</u>
#3-5-1	Nil
#3-4-A	200
#8-4-1	200
	400



Estimated Total Recoverable Gas Reserves  
from the two wells:

1.086 bcf

Estimated Future Gross Gas Revenue from two  
wells (undiscounted) at \$0.45/mcf

\$488,700

Estimated Future Net Revenue from two wells:

This gas field is not yet developed to the point where a pipeline is justified (required: 5 miles of 2" O.D. line @ \$2/ft.) so that projections on future net revenue are hypothetical.

The company has indicated it plans to drill an additional six wells with 25% participation under its joint exploration venture agreement with another company.

Depending on the results of this program, the pipelines will be installed and the gas marketed.

The same price of the gas will likely be \$0.45/mcf on an intermittent contract. Generally, Shawnee's interest will be 25% of production subject to its share of certain deductions from the 100% working interest, as follows:

Lessor royalty: 9 3/8% overriding royalty on the 200 acres considered proven by the 8-4-1 well (which override applies as well to an additional 1,849 acres of the overall lease block); production payment of \$1,000/month until the sum of \$14,000 has been paid on the same acreage noted above, i.e. 2,049 acres total; 15% override payable to Shawnee until 100% of drilling cost on the 3-4-A well, estimated at \$22,000, has been recovered by the drilling party; payment to Shawnee of \$6,000 out of first production after 100% of drilling cost on the 3-4-A well has been recovered by the drilling party as aforementioned, with Shawnee simultaneously receiving 25% of the working interest in that well and thereafter; administrative and overhead charges and managerial costs and operating costs attributable to the property; lease rental costs; ad valorem and Province of Ontario production taxes.

The company participated in the purchase of the 8-4-1 well and will receive 25% working interest in it. Shawnee's share of the \$14,000 production payment will be 25% or \$3,500, payable out of the company's share of production, at the rate of \$250/month.

Shawnee will participate 25% in the cost of the proposed 6-well program together with the pipeline network to market the gas, and will share 25% working interest in any production resulting. (Shawnee cost est. \$50,000)

Estimated Future Gas Production from two existing wells only: (Hypothetical, assuming wells connected to pipeline and gas marketed):

Year	Orig. Cum. Open Flow of 2 MMcf/d x Expected % of Orig. O.F. to be produced in year = Avege. Est. O.F. for Yr. to be used in calculations	MMcf	Expected Prod. in Mcf/d in yr. = 25% x Avege. Est. O.F. for year	No. of Prod. Days in Year	Est. Prod. in year MMcf
1	2 MMcf x 75% = 1.5		375	300	112.5
2	2 x 44% = 0.88		220	300	66.0
3	2 x 36% = 0.72		180	300	54.0
4	2 x 29% = 0.58		145	300	51.5
5	2 x 23% = 0.46		115	300	34.5
6	2 x 18% = 0.36		90	300	27.0
7	2 x 15% = 0.30		75	300	22.5
8	2 x 13% = 0.26		65	300	19.5
9	2 x 12 1/2% = 0.25		62.5	300	18.7
10	2 x 10 1/2% = 0.21		42.5	300	12.7
					418.9
					667.1
					1,086.0
Thereafter					

Generally, Shawnee's interest will amount to 25% of the above production, subject to the charges against the 100% working interest noted.



## Shawnee Exploration Projects:

### A. Shawnee Lambton County Reef Exploration Program:

Shawnee Petroleum Limited has acquired approximately 13,000 acres of oil and gas rights by direct leasing or farmouts on fifteen pinnacle reef prospects in Ontario.

The company has announced a joint drilling venture with four other companies covering 8,000 acres of this block and involving the drilling of ten wells in search of Guelph reef production on ten of these projects, at no cost to Shawnee.

The company will drill the wells on a turnkey basis for \$30,000 per well: if dry it is anticipated a profit to the company of \$8,000 per well will result. If production is encountered Shawnee will share 12.5% of costs (estimated at \$3,750 for each completion) from casing point, to earn 12.5% working interest on the discovery.

### B. Gaspé Region, Quebec

Shawnee has acquired approximately 22,000 acres of Crown oil and gas rights jointly with another company. These lands are situated within a Province of Quebec oil and gas exploration permit which comprises a total 65,000 acres more or less, in the Gaspé region, with the balance of the lands within the permit being freehold.

Total acquisition cost was \$1,200 (\$0.03/acre): work requirements to hold the rights are \$0.20/acre (\$19,000) the first year, escalating at \$0.20/acre per year to \$1.00 per acre for the fifth year term of the 5-year permit.

In addition, the company plans to acquire jointly an additional 25,000 acres of freehold oil and gas leases within the permit area at an estimated cost of \$0.10/acre with \$0.10 per acre annual rentals for a ten-year term.

Approximately 10,000 feet of Middle Silurian sediments are considered to be present underlying the Pennsylvanian series: initial wells would probably be drilled to approximately 6,000 feet to test these strata.

The company's proposed 1970 joint program is as follows:

Geological Surface Mapping - 1 Month.	\$5,000
Photo-geological Study	\$4,000
Additional Freehold Acreage Acquisition	<u>\$2,500</u>
Total	\$11,500

Shawnee's share would be one half, or \$5,750.

### C. Nova Scotia

The company is currently in the process of filing on approximately 380,000 acres of licenses covering four areas in Nova Scotia, comprising 33 reservations (i.e. 594 tracts).

Acquisition cost will be \$1,188 (i.e. \$36/reservation), with work commitments as follows:

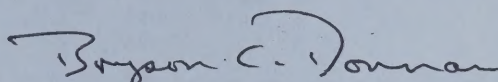
1st year - \$32/tract	\$19,008
2nd year - \$51/tract	30,294
3rd year - \$77/tract	<u>45,738</u>

Shawnee's proposed 1970 program is as follows:

Acquisition	\$ 1,188
Geological Field Recon-	
naissance - 1 month	5,000
Detail Gravity	
100 miles @ \$70/mile	7,000
Detail Seismic	
10 miles @ \$1,000/mile	<u>10,000</u>
	\$23,188



These Exploration Projects all appear to be well worth-while with low entry costs and ready markets available for any oil and gas discovered. However, in view of the escalating cost requirements, it is recommended that the Gaspé and Nova Scotia projects be farmed-out at an early stage with the company retaining a carried interest.



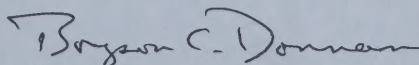
Bryson C. Donnan, P. Eng.  
Petroleum Geologist

June 30, 1970

C E R T I F I C A T E

I, Bryson C. Donnan, of 1186 Whiteoaks Avenue, Clarkson, Ontario do hereby certify:

1. That I graduated from the Faculty of Applied Science and Engineering at the University of Toronto in 1949, and that I received a Bachelor of Applied Science Degree in Mining Geology in that year.
2. That I am a member of the American Association of Petroleum Geologists, the Canadian Institute of Mining and Metallurgy and the Ontario Petroleum Institute.
3. That I have been engaged in work involving petroleum geology for twenty (20) years, including over fifteen (15) years in the Province of Ontario.
4. That I hold no interest nor do I expect to hold any interest in the shares of Shawnee Petroleums Limited, nor in any of the properties described herein.
5. That the attached report entitled "Geological Report on the Petroleum and Natural Gas Leaseholdings of Shawnee Petroleums Limited", is not based on a personal examination of the properties described: rather it is based on my personal investigations and geological knowledge of the report areas, on available geological and engineering data and government records on related wells in the report areas, and on information provided by Shawnee Petroleums Limited from confidential company files including radioactivity logs and production data.



Bryson C. Donnan, P. Eng.  
Petroleum Geologist

June 30, 1970

1186 Whiteoaks Avenue  
Clarkson, Ontario



16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	No person owns a sufficient number of shares of the Company to materially affect control of the Company. Proxies for the election of directors at the annual meeting of the shareholders are solicited by management.		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<u>No. of Shares</u>	<u>Cost</u>	<u>Market</u>
	1,000 shares Lake Dufault Mines Ltd.	\$16,817.50	\$15,500.00
18. Brief statement of any lawsuits pending or in process against company or its properties.	None		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None		
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts. None of the shares of the Company are in the course of primary distribution to the public.		

# CERTIFICATE OF THE COMPANY

DATED August 28, 1970

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

CANADIAN LENCOURT MINES LIMITED

"William D. Paterson"

CORPORATE  
SEAL

"Sherwood McCoy"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

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